United Nations DP/2003/11

Executive Board of the United Nations Development Programme and of the United Nations Population Fu

Distr.: General
17 April 2003

Original: English

Annual session 2003
5 to 20 June 2003, New York
Item 2 of the provisional agenda
Annual report of the Administrator

Annual report of the Administrator 2002

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I. Performance and perception

Figures 1 to 4. Selected results from the Partnership Survey

Figure 1
UNDP image in programme country

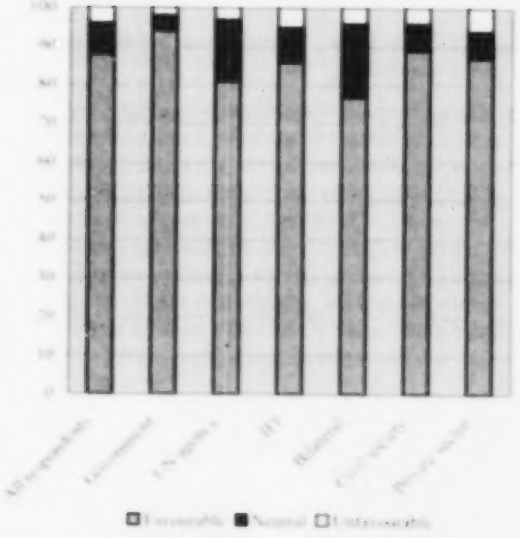


Figure 2
UNDP projects and programmes reflect national priorities

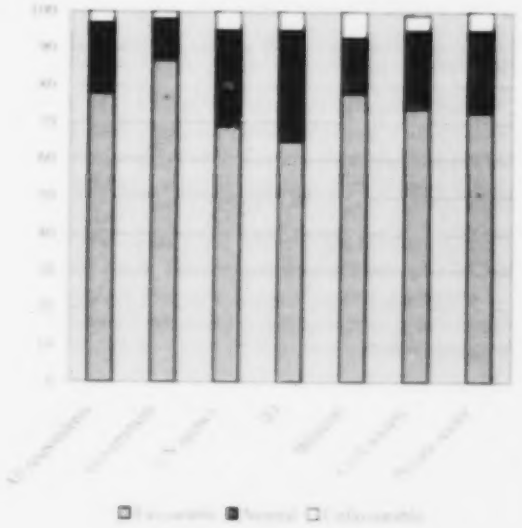


Figure 3
Achievement of significant results

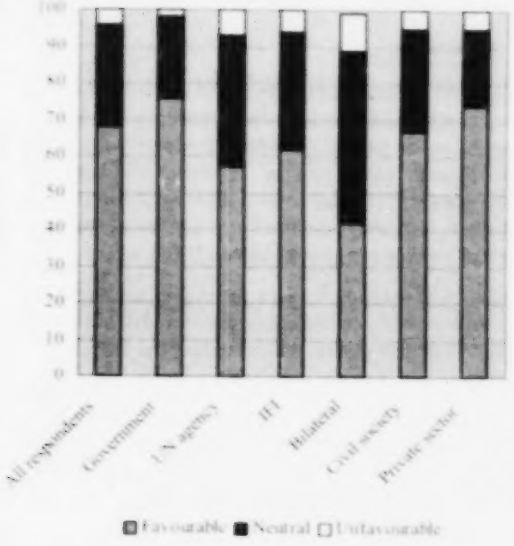
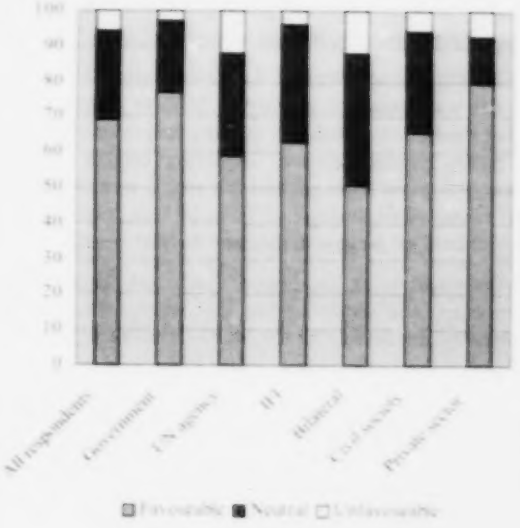


Figure 4
Overall effectiveness of country office staff



II. The Millennium Development Goals

4. The Millennium Declaration and the Millennium Development Goals (MDGs) have provided a powerful unifying force for the work of UNDP. The organization's efforts gained significant momentum in 2002 with the launching of the United Nations core MDG strategy. In 2001, the Administrator had been appointed coordinator for the MDGs by the Secretary-General, and in 2002 UNDP played a key role in putting the MDGs at the very centre of United Nations development work. The United Nations core strategy adopted by the Chief Executives Board in autumn 2002 had four principle components: (a) tracking progress towards the MDGs; (b) the Millennium Project; (c) the Millennium Campaign; and (d) operational work.

5. *Tracking progress towards the MDGs*. The number of MDG country reports rose steadily through 2002; 25 MDG country reports had been issued and another 27 were close to publication. Cameroon produced its second MDG report, and Armenia and Viet Nam were in the process of doing so. Regional reports were also prepared as work progressed on a regional MDG report for Asia and the Pacific, produced by the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) with funding from UNDP. A report for the Arab States was being planned and another on Africa was prepared jointly by UNDP and the United Nations Children's Fund (UNICEF) for the G8 Summit in 2002. Both the ownership and quality of country reports improved steadily. One major achievement was a strong sense of national ownership of the process and the outcomes of the MDG reports. While initial reports had been prepared by United Nations country teams, more recent ones were issued jointly with governments.

6. Close, consistent tracking of progress towards the MDGs has a specific purpose: it results in empirical data that informs public policy debate and decision-making. There was clear evidence in 2002 that the work of UNDP and its United Nations partners at the country level had a real impact. In a striking and increasing number of countries, the MDGs received serious attention at the highest levels. The full government cabinet monitored MDG progress in Equatorial Guinea, Ghana and Guatemala, and in Chad, Mali, Mongolia and Rwanda, the heads of state were directly engaged. MDG monitoring had a direct impact on budgetary allocations. In Haiti, the United Republic of Tanzania, Viet Nam and Yemen, it was possible to see clear prioritization of the MDGs. Commitment to building the capacity for effective monitoring increased, and recognition was given to the power of data. In Botswana, Cambodia, Cameroon, Mozambique, the United Republic of Tanzania and Viet Nam, considerable effort went into building the necessary statistical capacity.

7. A strong commitment was made in numerous countries to synchronizing the MDGs with the poverty reduction strategy papers (PRSPs), with notable progress in Albania, Azerbaijan, Benin, Bolivia, Ethiopia, the Gambia, Malawi and Pakistan, among many others.

8. *The Millennium Project*. Led by the Special Advisor to the Secretary-General for the MDGs, the Millennium Project was launched in August 2002 to generate fresh thinking and identify options for achieving the MDGs. Efforts included reviewing existing innovative practices, analysing needed policy reforms and identifying means of policy implementation, including human, technical, organizational and financial resources. Twenty-five eminent experts from around the world were recruited as coordinators for 10 task forces. These coordinators in turn recruited an average of 12 to 20 task force members. The United Nations Experts Group for the Millennium Project held an inaugural meeting in New York on 17 September 2002 and met again in March 2003.

9. Analytical work has begun. Each task force submitted a detailed background paper providing an analytical framework and outlining the key issues. The project director and task force coordinators drafted a strategy framework for achieving the MDGs. Outreach efforts were initiated in expert communities around the world.

10. *The Millennium Campaign*. The guiding principle governing work on the Millennium Campaign was support to a multitude of nationally owned campaigns. Commitment and energy came from the joint efforts of actors at the national level in both the North and the South. The need for outreach to these multiple actors was the focus of the work of the Secretary-General's Executive Coordinator for the Millennium Campaign where progress was made in three main areas:

(a) *Awareness of the MDGs*. The importance of this issue has been raised among key constituencies. Determined advocacy efforts were made around global events.

(b) *Media focus on the MDGs*. The objective here was to forge partnerships with media having global and/or regional reach. An early success was the creation of a partnership with the BBC Trust.

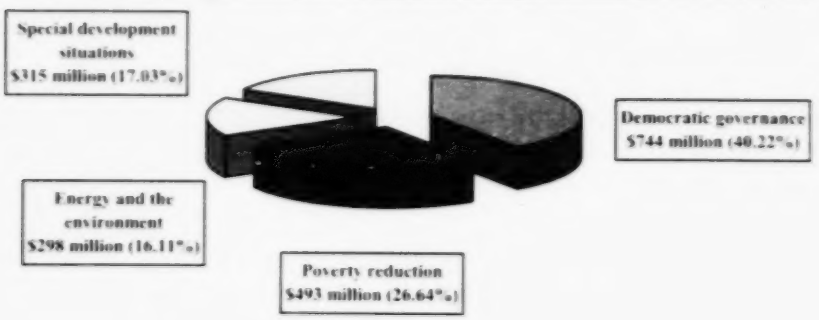
(c) *Greater United Nations focus on and coherence with the campaign*. A United Nations Development Group (UNDG) workshop on the campaign was attended by some 20 senior staff from the United Nations system. A campaign strategy for 2003-2005 focused on major objectives for both the North and the South.

11. *Operational work*. To be meaningful, the MDGs had to be tailored to national circumstances and built into national medium-term goals and strategies. For over 70 of the poorest countries, the principal vehicle for carrying this out was the nationally owned poverty reduction strategy paper (PRSP) process. UNDG worked intensively to shift the focus of operational work to the MDGs. Key collective achievements over the past six to nine months included preparation of the Integrated Guidelines for the common country assessment (CCA) and the United Nations Development Assistance Framework (UNDAF); agreement on and initial implementation of a decentralized system of quality assurance; ongoing discussions with the World Bank on the relationship between the MDGs and PRSPs; and work on a training programme covering elements of the United Nations core MDG strategy.

III. Programme results

12. The year 2002 saw progress in all the areas of UNDP programme focus. Figure 5 indicates the distribution of resources allocated for each of the major areas of focus in 2002.

Figure 5. Estimated programme expenditure by major focus areas (2002)



Source: Report on the multi-year funding framework (DP 2003/12)

Poverty reduction

13. The commitment of UNDP to the MDG core strategy was central to its work on poverty in 2002, and included working through policy and institutional change, advocacy, capacity development and operational support. Mindful of the close link between the MDGs and the PRSPs, UNDP supported poverty reduction strategy

processes in almost every International Development Association (IDA) country, focusing primarily on capacity development, monitoring, the participation of civil society and the analysis of pro-poor policy options.

14. Other significant poverty work in which UNDP engaged in 2002 included:

(a) *Pro-poor economic policy reforms*. Case studies to link economic policies better to poverty reduction were carried out in 10 countries — Armenia, Bangladesh, Cambodia, China, Indonesia, the Kyrgyz Republic, Mongolia, Nepal, Uzbekistan, and Viet Nam. Policy-makers in Armenia adopted many of the recommendations of the national MDG report, while Mongolia set up a poverty research group in the Ministry of Finance and Economy.

(b) *Trade and globalization*. Together with partners from private foundations, UNDP sponsored a two-year study on how the global trading system can foster human development and the MDGs. "Making Global Trade Work for People" is the result of consultations with a wide spectrum of actors and academics.

(c) *Poverty monitoring and analysis*. Support was provided to poverty observatories, especially in sub-Saharan Africa. Poverty monitoring was frequently expanded to include pro-poor budgeting, gender-sensitive budgeting and the 20:20 initiative. Community-based monitoring and analysis in the PRSP process were supported in Zambia and other countries.

(d) *Micro-finance*. Support to policy analysis on micro-credit operations focused on the financial, regulatory and legal framework, procedures and practices. The Special Unit for Micro-Finance in the United Nations Capital Development Fund (UNCDF) provided technical support.

Democratic governance

15. Democratic governance accounted for the largest number of requests for government support in 2002 and for the greatest expenditure. UNDP continued to focus on a number of specific service areas.

16. *Strengthening legislatures*. UNDP support helped to strengthen legislatures in over 40 countries. In Niger, for example, UNDP worked with the National Democratic Institute for International Affairs to train legislators and their staff to communicate more effectively with constituents, involving civil society in public hearings and radio debates on a draft decentralization bill. In cooperation with the Government of Belgium at the global level, UNDP held the second Policy Dialogue on Legislative Development in Brussels from 20 to 22 November, bringing nearly 50 international and southern-based legislative development practitioners and donors together with key UNDP governance staff to advance policy and practice in this field.

17. *Electoral systems and processes*. The organization helped to enhance electoral institutions, systems and processes in 23 countries. In Lesotho, for example, UNDP brokered a historic meeting of all party leaders contesting the poll a week before the general election on 25 May. For the first time since the country's disputed 1998 general election, which had led to civil unrest and military intervention by the Southern African Development Community (SADC) forces, leaders of all political parties came together to reaffirm their commitment to a peaceful electoral process respectful of the will of the people.

18. *Decentralization and local governance*. In 2002, UNDP supported decentralization and local governance in 90 countries. This included support for national decentralization strategies, local planning and budgetary mechanisms, strengthening the capacity of citizens' groups and local authorities, promoting urban development, and rural-urban relations. In the Former Yugoslav Republic of Macedonia, UNDP supported the implementation of the local governance process agreed upon in the 2001 Framework Peace Agreement. In Cambodia, with UNDP support for capacity development in preparing commune development plans, the decentralization approach had reached 80% of communes in 2002, with full national coverage expected by 2003. In the Lao People's Democratic Republic, UNDP provided support for drafting the legal framework for the creation of municipal governments and decentralized planning and budgeting.

19. *Access to information*. In at least 35 countries in all five regions, UNDP involvement helped to build capacity and foster strengthened policy and practice in support of an independent media and access to information on citizens' participation in the process of governance. In Mozambique, in partnership with the United Nations Educational, Scientific and Cultural Organization (UNESCO), UNDP strengthened the capacity of the various independent media actors, including the expansion of community radio networks throughout the country.

20. *Access to justice and human rights*. Sixty-seven UNDP country offices in all regions supported the strengthening of human rights and access to justice. HURIST – the joint human rights strengthening programme between the Office of the United Nations High Commissioner for Human Rights (OHCHR) and UNDP that seeks to integrate human rights into all areas of UNDP work – supported the development of national human rights action plans in Cape Verde, Lithuania, Mauritania, Moldova, Mongolia and Nepal, and helped to strengthen 17 country offices through the United Nations Volunteers (UNV). In Bangladesh, UNDP supported the establishment of the Bangladesh National Human Rights Commission and helped it to function independently. In the Islamic Republic of Iran, the establishment of a human rights training programme at the University of Tehran at the masters and doctorate level and the setting up of a Women's Centre at the president's office represent strategic achievements.

21. *Public administration reform*. Fifty-five countries benefited from the organization's assistance in instituting public administration reform. UNDP helped the Government of East Timor to develop a new Public Service Act. This modern mechanism for public service management combined flexibility for ongoing investments in capacity development with transparency in recruitment and promotions, merit-based appointments and simplicity in moving from the former United Nations Transitional Administration in East Timor.

22. *The UNDP Oslo Governance Centre* opened in March 2002 to promote poverty eradication through democratic governance. The Centre, which aims to deepen the quality of the organization's democratic governance practice on the ground, has concentrated on support to country practice, knowledge development, and practical learning on democratic governance programming. In December, the Centre hosted its first UNDP country-office staff fellows in a new democratic governance fellowship programme.

Energy and the environment

23. Great demand was expressed for UNDP support in environment and energy management, underscoring the importance of the environment in the overall effort to reduce poverty, which was reinforced at the World Summit on Sustainable Development (WSSD) held in Johannesburg in August 2002. In preparing for WSSD, UNDP engaged in global efforts to develop the water and sanitation, energy, health, agriculture and biodiversity (WEHAB) priorities and supported countries in developing their national assessments of Agenda 21 implementation. The organization launched seven partnerships at the Summit and received strong support for its work on the links between capacity development and trade and between environment and development.

24. *Water and sanitation*. UNDP was active in 90 countries through its water resources management and water supply and sanitation programmes and led a new initiative, Dialogue on Effective Water Governance, with the Global Water Partnership (GWP) and the International Council for Local Environmental Initiatives (ICLEI), which brought together stakeholders from over 30 countries. The Dialogue is helping put this complex issue on the agenda of decision-makers and provides concrete examples for enhancing water governance systems.

25. *Energy*. UNDP worked towards providing affordable, reliable and environmentally sustainable energy services to people without access to electricity, as well as cleaner fuels for cooking and heating. In 2002, the thematic trust fund on energy became operational and 30 projects covering five regions were approved. Building on the World Energy Assessment report, UNDP released a new publication at WSSD entitled "Energy for Sustainable Development: A Policy Action Agenda". Together with partners in the donor, civil society and business communities, UNDP launched two new partnerships: the Global Village Energy Partnership, designed to expand energy services for productive uses in off-grid areas, and the Liquefied Petroleum Gas Challenge, which will work with industry to extend the availability of clean fuels in rural areas.

26. *Drylands (agriculture).* The Promoting Farmer Innovation programme was implemented in Kenya, Uganda and the United Republic of Tanzania by the Drylands Development Centre of UNDP and other partners in Eastern Africa to empower local farmers, especially women, to test their own ideas for improved soil, water and environmental management, harnessng community enthusiasm and peer-led knowledge diffusion among the "farmer innovators". This approach was incorporated into the national agricultural extension system in Kenya and the modernization of agriculture progamme in Uganda. Sixteen countries in Africa and the Arab States benefited under Drylands Development Centre programmes focused on mainstreaming drylands issues into macro-economic frameworks; reducing vulnerability to climatic shocks and improving adaptation to climate change; and enhancing local governance for natural resource management.

27. *Biodiversity and ecosystem management.* Partnerships that made a difference included the highly successful Equator Initiative, which identified and recognized viable local programmes that can be replicated and scaled up. In the Amazon, for example, an indigenous group used traditional methods to convert natural rubber into a material similar to leather, providing workable economic alternatives to deforestation. Skirts and handbags made of mock leather were modelled on runways in Paris, New York and Rio de Janeiro. UNDP was involved in many such partnerships among entrepreneurs, non-governmental organizations (NGOs) and local populations, helping to preserve the environment, provide steady incomes, and maintain traditional ways of life.

28. *Global Environment Facility.* Participants at the Second Global Environment Facility (GEF) Assembly in October 2002 welcomed the third GEF replenishment of $2.9 billion over the period 2003-2006, and added two new focus areas – land degradation and persistent organic pollutants (POPs). In fiscal year 2002, UNDP secured $104 million in project approvals – in biodiversity (28 per cent), climate change (27 per cent), international waters (17 per cent), POPs (4 per cent), multi-focus areas (4 per cent), and the GEF Small Grants Programme (SGP) (20 per cent). Over 80 per cent of the 119 UNDP/GEF projects reviewed for performance and impact by the GEF Monitoring and Evaluation Unit showed positive outcomes. The Small Grants Programme, implemented by UNDP, was praised at the GEF Assembly and has leveraged its impact through scaling up, replication and influence on government policies related to global environmental issues. For example, in Kazakhstan, working with a local NGO and other partners, the SGP developed a comprehensive programme to rebuild a sustainable fishery, conserve the delta lakes, and educate communities about over-fishing in the lakes around the Aral Sea. The GEF Country Dialogue Workshops, implemented by UNDP, have also been very effective.

29. *Montreal Protocol.* In November 2002, participants at the Fourteenth Meeting of the Parties to the Montreal Protocol, which took place in Rome, Italy, approved a $573 million replenishment for the three-year period 2003-2005. The UNDP Montreal Protocol Unit received approval in 2002 for new programmes amounting to $45.36 million to initiate activities in 42 countries and eliminate 4,242 tonnes of ozone-depleting substances. In support of the country-driven approach, the Montreal Protocol Unit switched from a project-by-project focus to the broader implementation of national plans. It also intensified its role in advising governments on legislation support, taxation policies, licensing and quota systems to reduce ozone-depleting substances and encourage alternative technologies. UNDP had 20 projects aimed at strengthening the capacity of government national ozone units and providing support to national policy-makers.

Gender

30. In 2002, UNDP renewed its commitment to mainstreaming gender equality into its core priorities and increasing the number of women in management positions in the organization. In October 2002, the UNDP senior management team adopted a corporate Practice Note on Gender Equality that made all staff and managers responsible for incorporating gender concerns into every aspect of UNDP work. This responsibility was reinforced by service lines and reporting requirements integrated across the six core practices and in the strategic results framework on gender.

31. Much progress in addressing gender disparities and women's vulnerability in the face of HIV/AIDS, crisis and poverty was registered in country programmes and regional cooperation frameworks. The organization's work in governance focused specifically on women's participation in decision-making at the local level in

decentralized governance and in national parliaments. In 2002, the UNDP/Japan Women in Development Fund sponsored two workshops in Marrakech and Bangkok, bringing women parliamentarians from Asia and Africa to build their capacities and networks on common issues of human security.

32. Similarly, UNDP assisted countries embarked on gender-sensitive budgeting (GSB) initiatives as they incorporated a gender perspective into investment policies, including commitments to poverty reduction and the MDGs. In Mongolia, UNDP funded a Ministry of Finance programme for gender specialists to promote a national effort to review budgets, macro-economic polices and the PRSP process from a gender perspective. More than 40 countries have initiated gender-sensitive budgeting with UNDP support. UNDP focused its support on building national capacities, including those of women's parliamentary caucuses and civil society organizations (CSOs), with particular emphasis on the participation of women living in poverty in municipal and local budget planning.

33. In November 2002, UNDP convened a broad range of partners — including the International Development Research Centre of Canada, the World Bank, the World Bank Institute, the Commonwealth Secretariat, the United Nations Development Fund for Women (UNIFEM), the Department for International Development (DFID) of the United Kingdom, the Belgian development cooperation fund DGDC and a NGO in Uganda and parliamentarian caucus — to draw lessons from the first generation of GSB and strengthen accountability for investments to achieve the MDGs with gender incorporated into all eight goals. In Cambodia, Morocco, Nepal, Turkey and Viet Nam, UNDP supported the integration of gender into macroeconomic policies; in Viet Nam, gender was mainstreamed into 10-year sectoral strategies and five-year action plans. More than one third of UNDP country offices supported the collection of data disaggregated by gender, a major contribution to the development of gender-responsive CCAs, UNDAFs, PRSPs, MDG reports and national human development reports. In Guinea and Rwanda, gender concerns were introduced into all the PRSP sections using a participatory approach. UNDP increased its pool of gender expertise and built a strong community of gender practitioners to develop relevant tools for gender analysis and engage in time-bound dialogue on national strategies to mainstream gender into UNDP practices.

34. UNDP efforts to foster a gender-sensitive approach to democratic governance encompassed legal reform, the implementation of the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW), capacity development of parliamentarians, women's human rights and violence against women. UNDP supported the publication of a review of common laws protecting women in Bangladesh, a national social audit on abuse against women in Pakistan, and a $27 million programme to combat violence against women in Mexico. Major challenges emerged in India, Morocco and Pakistan, with thousands of women newly elected through affirmative action. UNDP increased capacity building initiatives and networking among critical masses of emerging leaders to help them to use their position to advance the concerns of women in poverty.

35. In crisis and post-conflict countries, such as Afghanistan, UNDP promoted institutional capacities for the advancement of women. The organization has taken systematic steps to mainstream gender in its field manuals and its operations on land mines, disarmament, demobilization and recovery. In post-crisis reconstruction, opportunities exist for a new constitution, new institutions and new laws to protect women's rights. With increasing numbers of countries in crisis, UNDP assessed lessons learned in mainstreaming gender equality and empowering women in countries as diverse as Afghanistan, Bosnia and Herzegovina, Mozambique and Sierra Leone.

36. In the area of environment and energy, UNDP published "Generating opportunities: case studies on energy and women" and a practical handbook, "Integrated water resources management", which look at critical policy and programme design options to improve women's access to water and modern energy services. In Malawi and Myanmar, UNDP supported local capacity for environmental planning and monitoring through a comprehensive approach linking environment, poverty and gender.

37. In the area of HIV/AIDS, UNDP supported the development of multi-sectoral poverty-reduction strategies to address the economic and social impact of HIV/AIDS at the individual, community and national levels from a gender perspective. A major crisis is unfolding in Africa, where human and financial resources are drained by the impact of the epidemic, which is affecting young women and girls disproportionately. UNDP responded to the crisis by addressing women's vulnerabilities and the increasing difficulty of replacing failing social services. In

Ethiopia, UNDP supported the integration of HIV/AIDS into the development planning process, including poverty-reduction strategies, with a view to both mitigation and prevention. In Botswana, UNDP, in partnership with the African Comprehensive HIV/AIDS Partnership, Botswana Television, the Ministry of Education and communications experts from Brazil, established the Teacher Capacity Building Initiative, an innovative South-South cooperation project. The partnership developed an interactive television series to increase teachers' comfort levels in addressing socially and culturally sensitive issues associated with HIV/AIDS in classroom settings. Installation of equipment into schools started in 2002 and is nearing completion.

38. The introduction of information and communications technology (ICT) in support of women's empowerment proved to be beneficial for distance learning and knowledge and information sharing using a combination of traditional means of communication with modern ICT. In Lithuania, UNDP supported the establishment of an interactive virtual library, and in Malaysia policy proposals were formulated for the Ministry of Women and Family Development to promote gender and ICT. UNDP increased its support to women's telecentres and training facilities for women entrepreneurs such as the *Association pour le soutien et l'appui à la femme entrepreneur* in Cameroon and the Women Centre in the Philippines.

39. One of the main challenges for UNDP is to strengthen country office capacities to develop gender-responsive programmes, take leadership in United Nations inter-agency coordination on gender equality, and build a solid network of national gender experts on which countries can rely. UNDP and UNIFEM conducted an informal survey of gender expertise in United Nations organizations, the World Bank, regional banks, regional commissions and major regional programmes. The quantitative data show a large increase of United Nations country thematic groups on gender (78), but their capacities and mandates are limited. However, the Secretary-General's reform agenda provides a greater impetus for United Nations-coordinated support — through the CCA/UNDAF process — and joint response to priorities (the PRSP process), as well as reporting on the MDGs. In all these common areas of work, the resident representative/resident coordinator system has a major role to play, the more so if gender expertise in countries and regions are available, relevant and of high quality. UNDP has a new generation of policy advisers in the subregional resource facilities (SURFs) that came on board with an awareness of gender and a commitment to gender equality. This group must now use its expertise to improve competencies among national staff further and demonstrate the real impact of gender-responsive programming in the lives of women.

40. UNDP has built a strong partnership with the Office of the Secretary-General on Gender Issues, the various United Nations organizations, the World Bank and the Working Party on Gender Equality of the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD). More than half of UNDP country offices have reported joint activities with UNIFEM, especially on capacity development for the implementation of CEDAW, violence against women and support to United Nations thematic groups on gender. More than 10 countries are using UNIFEM as the executing organization for their programmes, a function that should increase the synergy between UNDP and UNIFEM in areas where UNIFEM has tested expertise and has developed good practices.

Crisis prevention and recovery

41. During 2002 UNDP focused on two major objectives under this practice: (a) strengthening cooperation between UNDP and other United Nations organizations involved in crisis prevention and recovery; and (b) developing the services of the Bureau for Crisis Prevention and Recovery (BCPR) in support of country operations. The overall objective was to deliver outputs on the ground reflecting better-targeted assistance in countries and regions affected by the risk — or the reality — of violent conflict or natural disasters. During the reporting period, no fewer than 65 country offices reported on crisis prevention and/or recovery initiatives.

42. UNDP participated actively in key United Nations inter-agency forums working on crisis prevention and recovery challenges, and strengthened partnerships with other United Nations organizations working on conflict prevention and peace-building. In view of the growing number of 'hybrid' appeals being developed by country teams in transition countries, UNDP participated actively in the UNDG Executive Committee on Humanitarian

Affairs working group on transitional issues to ensure clear guidance on strategic planning and resource mobilization during the recovery phase.

43. Partnerships on the ground with sister agencies were critical to ensuring a cohesive United Nations response. UNDP worked with the United Nations Department of Peacekeeping Operations (DPKO), the Department of Political Affairs (DPA), the World Bank and others in United Nations peacekeeping operations in Angola, the Democratic Republic of the Congo and Sierra Leone to address the complex workings of security and development and the challenges of emergency and long-term mine action needs, sustainable development initiatives growing out of quick-impact projects, early recovery planning and a smooth transition to peace-building and recovery. UNDP and the United Nations Mission in Bosnia and Herzegovina established a United Nations UNDP-led recovery programme for the Srebrenica region.

44. UNDP undertook major efforts to strengthen crisis prevention and recovery efforts and to consolidate its capacity to provide support on the following service lines: conflict prevention and peace-building; recovery; security sector reform and transitional justice; small arms, disarmament and demobilization; mine action; natural disaster reduction, and special initiatives for countries in transition. Examples of UNDP achievements include:

(a) *Completion of a pilot project to mainstream conflict prevention and peace-building into UNDP strategies and programmes*. In Guatemala, Guinea Bissau, Nepal and Tajikistan, existing strategies and programmes were reviewed to determine how they might be adjusted to ensure that social and economic inequalities liable to spark conflict would not be fuelled. In Kyrgyzstan and Tajikistan, this resulted in a cross-border programme in preventive development focusing on access to water and basic services through participatory community development involving different ethnic groups.

(b) *The peace process in Sri Lanka*, which opened up opportunities to plan for peace and help communities prepare for the return of internally displaced persons through assistance programmes and integrated mine action activities. An inter-agency mission paved the way for operational collaboration by several organizations, including UNDP, the United Nations Office of the High Commissioner for Refugees (UNHCR) and the International Labour Organization (ILO), to address this challenge.

(c) *Support to justice and security sectors in crisis and post-conflict situations*, which was a new and expanding area for UNDP, encompassing the development of a community-policing programme in Kosovo (Serbia and Montenegro), assistance to the Judicial Commission in Afghanistan, and the evaluation of judicial operations and reform of the penal code in Haiti.

(d) *The reduction of small arms and light weapons*. By creating opportunities for economic recovery and community development UNDP worked to reduce the demand for weapons and encourage voluntary weapons surrender. Over 20 regional and country-specific programmes were implemented in all regions. Public confidence was improved through enhanced stockpile control and the visible destruction of collected weapons, and the illicit proliferation of small arms was reduced through training of customs agents and police in regulating small arms at every level. UNDP helped to implement disarmament and demobilization programmes in the Republic of the Congo (over 7,000 ex-combatants), Chad (4,000), Niger (660) and the Solomon Islands (demobilizing over 800 special constables), among other countries, collaborating with other United Nations organizations and operational partners.

(e) *The mine action portfolio of UNDP*, which encompassed 20 countries in 2002, ranging from re-launched projects in post-conflict countries, such as Angola and Sri Lanka, to more mature programmes in Bosnia and Herzegovina, the Lao People's Democratic Republic and Mozambique. UNDP also implemented mine action management training courses that have benefited approximately 300 national senior and mid-level programme managers from a dozen countries, and a mine action exchange programme that facilitates the sharing of information and lessons learned among mine-affected countries and mine action organizations. The UNDP mine action team has intensified its efforts to engage key stakeholders in mainstreaming mine action into national development strategies.

(f) *Ensuring the inclusion of disaster-risk considerations in national and regional development programmes and promoting the recovery period in the aftermath of a natural disaster as an opportunity to mitigate risk*. In

India, the five-year, $20 million UNDP National Disaster Risk Management Programme was mainstreamed into the country programme. UNDP shared costs in Barbados to develop a regional Comprehensive Disaster Management Strategy for the Caribbean and strengthen the Caribbean Disaster Emergency Response Agency (CDERA). The focus was to mainstream risk-reduction issues into regional and national development agendas, thereby developing a strategy that benefits 16 CDERA Member States. Seven countries drafted national strategies. UNDP supported efforts to increase the capacity – especially within Small Island Developing States – to address the accumulation of natural hazard and environmental risks connected with climate change and social vulnerability.

(g) *Bringing stability and support to the Interim Administration in Afghanistan.* As a special initiative for countries in transition, UNDP supported the payment of public salaries and the convention of the Emergency *Loya Jirga*, or the traditional Afghan Grand Council. Over the course of the year, a larger programme portfolio was developed featuring governance and institution-building in areas such as judicial reform and mine action; community-based planning for recovery through economic revitalization; and employment generation through labour intensive rehabilitation projects.

45. The crisis prevention and recovery practice network, launched in September 2002, grew into a network of 450 members sharing best practices, referrals, technical expertise, digests, consolidated replies, a newsletter, workshops and knowledge-based advisory services. For the first anniversary of the creation of the Bureau for Crisis Prevention and Recovery (BCPR) in November, UNDP organized a "compact" meeting with 21 resident representatives, senior management from headquarters, and representatives from DPA, DPKO and the United Nations Office for the Coordination of Humanitarian Affairs to strengthen the contribution of UNDP to the conflict prevention and peace-building efforts of the United Nations system.

Information and communications technology for development

46. There is growing recognition that falling technology costs and new technology options are bringing ICT more within the reach of developing countries, as evidenced by the exponential growth in wireless and cellular technologies in these countries. However, it is also becoming evident that more accessible ICT does not automatically result in a deployment of technology to enhance the creation of development opportunities, or even extend connectivity outside the capital cities. There is thus a premium on creating well-defined, nationally owned ICT for development strategies and programmes that are comprehensive, cost-efficient and capable of implementation. Similarly, it is essential to harness public-private partnerships in order to extend access, leverage ICT effectively to create jobs and new development solutions, and benefit from participation in the new, networked global economy and information society.

47. In 2002 UNDP brought a strategic, holistic approach to ICT for development policy and implementation that helped developing countries to address the challenges and maximize the opportunities proffered by ICT. Policy and strategy innovations are evident in countries such as Mozambique, where UNDP support in prioritizing, costing, and enhancing sustainability through the adoption of an integrated approach expedited resource mobilization and implementation. Requests for the organization's ICT for development policy and strategy support have multiplied. The President of Azerbaijan signed a special decree approving the national information and communication strategy prepared with the assistance of UNDP, which was selected as the country's leading international partner in the field of ICT. UNDP also provided assistance to move from sector-focused strategies to enhancing the role of ICT as an enabler. In Viet Nam, among other countries, UNDP is working with the Government on national consultations to sharpen the country's development focus and facilitate coordination among the various stakeholders.

48. In the area of learning and skills enhancement, UNDP goes beyond simply focusing on setting up ICT labs in schools. The organization encourages local ownership, content development and strengthening of capacity, and addresses financial sustainability issues through learning partnerships. Teachers, students and community members were trained in the use of ICT to create new social and economic opportunities. Schools, particularly in

rural areas, were viewed as community "hubs" to foster life-long learning and provide points of access to ICT-facilitated services for local communities. In Bolivia and Malaysia, innovative partnerships for "e-learning for life" were launched with the Coca-Cola Company. In China, UNDP, DFID and the Government of China jointly launched an initiative committing $9.4 million to support distance education and teachers' training.

49. Success in deploying ICT was visible in a number of projects covering health, education, and delivery of public services. Less evident was how to scale up such projects to accelerate the achievement of the MDGs and respect their time-bound targets. In global forums such as the Millennium Project and the United Nations ICT Task Force, UNDP promoted awareness of synergy-producing measures, while at the national level it supported measures to link ICT more effectively with development policies and strategies (e.g., PRSPs) and strengthen upstream-downstream links in strategies that would both prioritize programmes and increase their sustainability. In Asia and the Pacific, the UNDP regional ICT for development programme – the Asia-Pacific Development Information Programme – launched a major review of countries to determine good practices and policy lessons in order to use ICT more effectively in achieving the MDGs. A similar initiative is under way for a group of countries in Africa.

50. UNDP also focused on assisting countries in special circumstances and post-conflict situations where ICT could be a critical enabler for facilitating reconstruction, aid coordination and development activities, strengthening human capacities in civil service and public service delivery. In Afghanistan, UNDP began work in supporting ICT capacity development through the establishment in Kabul University of a Cisco Networking Academy Program – a comprehensive programme designed to teach students ICT skills – and ICT technical workshops and training centres at central and provincial levels.

HIV/AIDS

51. HIV/AIDS is the world's most serious development crisis. UNDP supports countries in placing the epidemic at the centre of national development and helps them to develop capacity for planning, managing and implementing responses. More than ever, the devastation of the epidemic calls for innovative and effective action championed by dynamic leadership at all levels of society. UNDP engages people and institutions well beyond the health sector, and promotes decentralized responses and community-level activities to address HIV/AIDS.

52. In 2002, UNDP helped to create an enabling legislative, policy and resource environment for an effective multi-sectoral response to the epidemic, integrating a human rights framework and gender perspective into all its aspects. In a number of countries, UNDP worked in partnership with the Global Fund to Fight AIDS, Tuberculosis and Malaria to help to prepare nationwide responses to the epidemic. UNDP and UNV fostered community participation through HIV/AIDS mitigation projects in Botswana, Kenya, Malawi, Rwanda, Zambia and Zimbabwe. Sustainable, replicable models of community-oriented prevention were developed, as were care and support systems for people affected by the epidemic, enabling people living with HIV/AIDS to play an active role in their societies and reducing stigma, neglect and ostracism.

53. *Leadership for an effective response.* In Ukraine, the UNDP Leadership for Results Programme brought together key stakeholders from every sector to identify factors that help or hinder an effective response to the epidemic. It has strengthened the skills, awareness and sensitivities of leaders and increased their capacity to coordinate large-scale, multi-sectoral responses.

54. *Integrating HIV/AIDS priorities.* In Sri Lanka, the majority of overseas migrants are women. UNDP worked closely with the Bureau for Foreign Employment to strengthen the HIV/AIDS component in the training provided to migrants before departure, addressing the issues of safe mobility and informed choices for potential migrants. In China, through a report by the Joint United Nations Programme on HIV/AIDS entitled *HIV/AIDS – China's Titanic Peril*, UNDP, with other members of the United Nations country team, worked to raise the awareness of officials and the general public on the HIV/AIDS epidemic and to alert leadership of China to the threat of its social and economic impact.

55. *Arts and media for social change*. In Ethiopia, UNDP challenged painters, writers, poets, actors, journalists and singers to reflect on their role in addressing HIV/AIDS and develop creative ways of responding to the epidemic. The arts and media community developed new icons and metaphors for people living with HIV/AIDS, through paintings, poems, radio dramas and short stories.

IV. Knowledge management

56. Knowledge management is fundamental to the vision laid out in the Administrator's Business Plans 2000-2003. To strengthen policy capacity in the organization, knowledge-based advisory services were introduced to programme countries, with an emphasis on sharpening the focus around the organization's six development priority areas, or practices. The thematic trust funds (TTFs), financed by special donor contributions, support the practices directly and, through country-based interventions, align non-core spending with corporate priorities. A pilot initiative began with the democratic governance practice, which involved knowledge-building, access to justice and human rights, public administration, and anti-corruption efforts. The other practices — poverty reduction, energy and the environment, HIV/AIDS, ICT for development, and crisis prevention and recovery — also developed knowledge-sharing skills, advocacy tools, professional partnerships, and more effective ways of delivering services. By December 2002, 1 800 staff members had joined one or more of the practice networks.

57. *Working as a global network*. The knowledge networks, started three years ago, are the backbone of the transformation of UNDP into a knowledge-based organization and now have over 3 000 subscribers. With the networks and the SURFs, country offices have the confidence of knowing the full resources of UNDP are lined up to help them to respond to any query. So, for example, when the Government of the United Republic of Tanzania asked the resident representative how best to go about strengthening the capacity of Zanzibar and mainland statehouses to communicate to the public, 11 UNDP staff members worldwide promptly contributed knowledge, comparative experience, and the curricula vitae of top experts. When Nepal prepared its national human development report on empowerment for poverty reduction, it drew on experiences from Chile, Egypt and the regional human development report (HDR) for Eastern Europe, as well as from a wide range of views and reference materials supplied by ten staff members located throughout the organization. A policy note to provide guidance on the challenge of integrating HIV/AIDS priorities into poverty reduction strategies received inputs from staff members in four country offices, three SURFs, a project expert and UNCDF in New York.

58. *Transformation to a knowledge organization*. In 2002, the SURFs and networks responded to 2 950 queries from country office staff. A total of 1 850 staff benefited from workshops or other community-building events. The SURFs contributed 1 750 person-weeks of policy support services to governments through country offices. In addition, UNDP thematic facilities such as the Oslo Governance Centre and the Poverty Reduction Centre in Rio de Janeiro were established, while the Drylands Development Centre in Nairobi became fully functional. These centres facilitate the exchange of good practice through South-South cooperation and global networking, thus expanding developing countries' capacities to design and implement effective policies. Also in 2002 UNDP launched the Reforming Technical Cooperation for Capacity Development initiative to examine the fundamentals of capacity development and how external cooperation can best contribute to the development of lasting indigenous capacities.

Figures 6 to 9. SURF and network performance – January 1999 to December 2002

Figure 6. Referrals fielded by SURFs and networks per six-month period

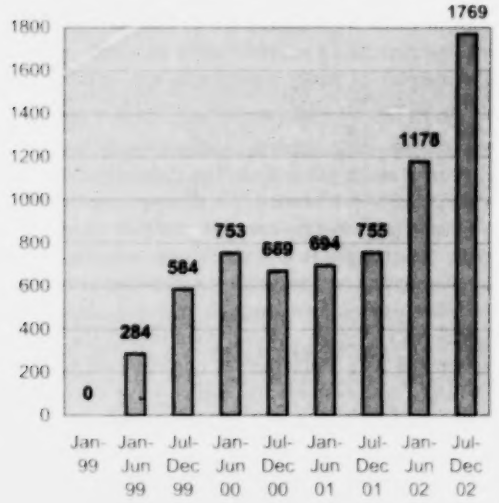
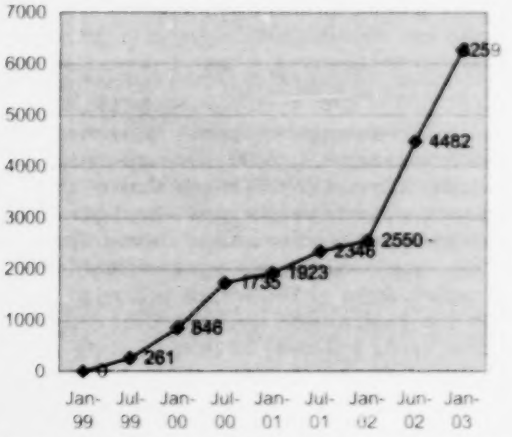
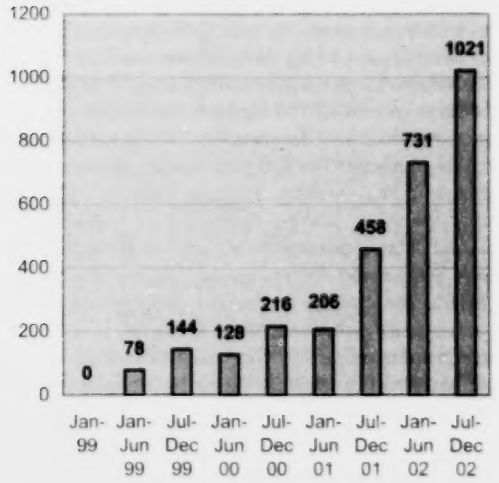


Figure 7. Total subscriptions to all moderated knowledge networks, including practice networks*



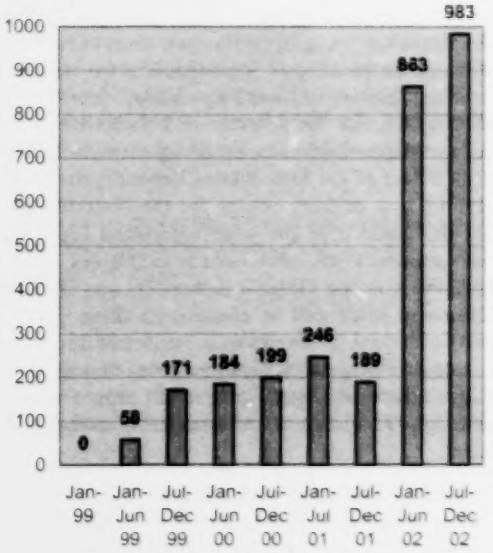
** By December 2002, 3 000 persons (including 2 500 UNDP staff) subscribed to one or more moderated networks.*

Figure 8. Country office support per six-month period (person/weeks)*



** 1999 and 2000 figures converted from number of missions to estimated person-weeks equivalent.*

Figure 9. Best practice event participants per six-month period



V. Advocacy

59. The human development reports – global, regional and national – remain one of the organization's best-known products. The *Human Development Report 2002: Deepening Democracy in a Fragmented World*, which was launched in Manila in July 2002, looked at the advance of democracy in the 20th century and how it affected developing countries. The report proposed a governance framework that would not only be efficient and effective but also just, equitable and conducive to human development. By expanding peoples' choices about how and by whom they are governed, it argued, democracy could bring principles of participation and accountability to the process of human development.

60. UNDP continued to support the preparation and publication of regional, national and local human development reports. In 2002, five regional and 27 national reports were published. The fourth national human development report (NHDR) published in Chile, *We the Chileans: A Cultural Challenge*, explored a new dimension of human development – the cultural challenge – by offering a highly creative analysis of what human development means in the national context. The report examines the changes in and challenges of culture in Chile and the complex relationship between culture and human development. The analysis embraces the arts, literature and various forms of heritage, as well as an exploration of other expressions through which a society shapes itself. The report directly impacted on the design of public policy focusing on culture. As a result, the legislature voted to create a ministry of culture and the report was recognized as a fundamental contribution to chart the direction of the new institution and to develop the country's future cultural policies, which have become a high priority area for the Government. Thanks to a massive public outreach campaign, the report became one of the ten most sold books in the country.

61. Also published in 2002 was the first *Human Development Report for the Organisation of Eastern Caribbean States* (OESC). This report calls on the nine small island Member States to build economic competitiveness and promote human development in the face of vulnerabilities ranging from trade imbalances to hurricanes and volcanoes. It recommends that OESC members promote a more flexible and mobile labour force and focus on generating new jobs, and advocates creating knowledge-based economies with greater emphasis on high-value services such as offshore banking.

62. Cited by *Time* magazine as "the most important publication in 2002", the first *Arab Human Development Report* (AHDR), co-sponsored by the Regional Bureau for Arab States and the Arab Fund for Economic and Social Development (AFESD), has given new direction to UNDP advocacy in the Arab world. The report's analysis of the backlog of deprivation in the region, linked to three cross-cutting development deficits – freedom, women's empowerment and knowledge – received unprecedented public and policy attention on both sides of the Mediterranean and the Atlantic and elsewhere. The Arab League sponsored the report's formal launch in July, with key statements by the Secretary-General of the League, the Minister of International Cooperation of Egypt and, on behalf of the President of Lebanon, the Chair of the Arab Summit. The King of Jordan strongly endorsed the report as a primary source for the direction of development in that country. Foreign ministers of the Arab States discussed it at the inter-ministerial level and an important Arab intergovernmental consultation on the report was held at the Arab League in October 2002. Several Arab States referred positively to its findings during interventions in the General Assembly, and it has provided a bridgehead for refocusing policy discussion and development initiatives to address the three deficits. In Algeria, the country office has incorporated the main recommendations of the report in implementing governance and human rights activities. In Egypt, it is being used to consolidate projects to promote girls' education, voters' registration and the participation of women in politics. In Libya and Saudi Arabia, the report provides a substantive backdrop to local governance projects. Across the region, AHDR recommendations are also used to substantiate advocacy for the MDGs.

63. To celebrate the continued success of regional and national reports, UNDP, with support from the United Nations Foundation, established the biennial Awards for Human Development to recognize high-quality research, advocacy, impact on policy debates and political attention to pressing issues. The awards ceremony, held in December 2002, included the presentation awards in five categories: quality of analysis, support of the MDGs,

human development innovations, participatory and inclusive process, and policy impact. The winning reports were from Bolivia, Botswana, Chile, Indonesia, Nepal and the Arab States.

VI. Support to the United Nations

Global conferences

64. UNDP participated in two major conferences in the past year. A key stakeholder in the process leading to the International Conference on Financing for Development, held in Monterrey in March 2002, UNDP funded workshops that brought together members of United Nations country teams, government officials and representatives of civil society and the private sector in the preparation of national positions. A principal outcome of the conference was the idea of a compact to achieve the MDGs whereby developing countries would endeavour to create a favourable environment to attract investments and support the development of national savings through improved governance. For their part, developed countries would support national efforts through expanded access to markets, greater debt relief and more effective official development assistance flows.

65. In August/September, UNDP participated in the World Summit on Sustainable Development (WSSD), for which it had helped to pave the way. In an effort to identify clear areas of focus for the summit, UNDP supported the development of frameworks for action around the WEHAB areas – water, energy, health, agriculture and biodiversity – identified in the Secretary-General's report Implementing Agenda 21 (E/CN.17/2002/PC.2/7), and assisted countries with their national assessments of Agenda 21 implementation. In addition, UNDP organized an array of side events that brought together development partners in the private sector, civil society and national authorities to focus on the implementation of international commitments for sustainable development. Finally, UNDP introduced Capacity 2015, a global partnership to develop local capacity to meet the MDGs, Agenda 21 and the WSSD Plan of Implementation.

United Nations Development Group

66. As Chair of the United Nations Development Group (UNDG), UNDP continued to support the important work involved in strengthening the coherence and coordination of United Nations country-level activities. Some of the more important achievements of UNDG in the past year included the revision of the common country assessment (CCA) and the United Nations Development Assistance Framework (UNDAF) in response to concerns expressed in General Assembly resolution 56/201. In particular, the new Integrated Guidelines for the CCA/UNDAF incorporated the MDGs with an emphasis on links among the CCA/UNDAF, the MDGs and the PRSP process. The CCA indicator framework is now aligned to indicators used for tracking the MDGs.

67. The members of the UNDG Executive Committee collaborated on a harmonized programme approval process, linking country programmes to the UNDAF. Five roll-out countries have been identified as a first phase. Members of United Nations country teams in Benin, Ecuador, Kenya, Niger and Pakistan have received training in the new, simplified and harmonized approach to country programming, which should align programmes with the MDGs and reduce the burden on host governments.

68. In Afghanistan, the United Nations was brought together under one structure to develop and implement the Immediate and Transitional Assistance Programme for the Afghan People 2002. UNDG provided support to this effort leading to a coordinated approach to the provision of development assistance for the people of Afghanistan at this crucial moment of their history.

69. UNDP also led UNDG efforts to develop an MDG core strategy, for which training has been offered to United Nations country teams to ensure its implementation.

Simplification and harmonization

70. In response to General Assembly resolution 56/201, a simplification and harmonization task force was set up in UNDG. The task force successfully designed measures to simplify and harmonize programme preparation, approval, implementation, and monitoring and evaluation. With testing having begun already, the new procedures will be phased in over the period 2003-2004.

71. Over 40 countries benefited from the UNDG common services pilot programme, with small-donor-funded grants to implement or refine common services provided to 24 country teams. Six United Nations Houses in Barbados, East Timor, Kenya, Mongolia, Turkey and Zambia were designated in 2002, making a total of 52 United Nations Houses as of December 2002.

72. Within UNDP, a High-level Steering Committee on Simplification and Harmonization was set up to support input to the inter-agency task force. UNDP also involved country offices to obtain views from the field on the implications of proposals for simplification and harmonization. These views were then fed back into the inter-agency process.

73. Inter-agency efforts coincide with and are informed by the internal UNDP business re-engineering of operational policies and procedures, which includes aligning country programmes with the strategic results framework and introducing the ERP PeopleSoft system to simplify and integrate business processes.

Resident coordinator system

74. The policy instituted by the Administrator that all resident representatives and sitting resident representatives need to undergo a competency assessment is in full effect. In 2002, of some 90 candidates that went through the resident coordinator assessment about half were UNDP staff members and 26 were women. The number of women candidates has been increasing, as a result of efforts by United Nations organizations to field more women candidates for the assessment and because UNDP sponsored external female candidates for the assessment. As of November 2002, the gender balance for sitting resident coordinators had increased to 27 per cent. Clearly much more needs to be achieved, but there are grounds for optimism based on the implementation of the 50/50 male/female rule for all submissions to the resident coordinator assessment centre.

VII. Partnerships

75. In 2002, the Bureau for Resources and Strategic Partnerships (BRSP) held a successful round of funding from its Partnership Facility, providing small but catalytic seed funds to UNDP country offices to support the process of building new partnerships with external groups, including the business sector, civil society, other United Nations organizations and international finance institutions. Seventeen UNDP offices around the world were provided with funds through the Facility in this second phase.

International financial institutions and regional banks

76. UNDP partnerships with the international financial institutions – the Bretton Woods institutions in particular – are centred on the both the MDGs and the PRSP process. The Bretton Woods institutions are closely involved in the work of the MDG core strategy. In over 70 countries, UNDP is working closely with the World Bank on a range of issues related to the design, implementation and monitoring of poverty reduction strategies. UNDP and the World Bank continue to conduct joint reviews of their cooperation at the institutional and country level. UNDP and the World Bank have also engaged in exploring partnership opportunities in connection with the

World Bank initiative for low income countries under stress (LICUS). As an immediate first step, cooperation was initiated in Angola, the Central African Republic, Somalia and Sudan.

77. UNDP has signed a memorandum of understanding with the World Bank Institute for a three-year period. The collaboration will focus on a range of issues such as: client-country assessments in selected countries, including LICUS; poverty reduction strategies; strengthening efforts on MDGs, especially benchmarking and gap analysis; joint evaluation in mutually selected countries; co-sponsorship of workshops on reforming technical cooperation; governance issues such as parliament and MDGs; local governance and access to information; community empowerment; corporate social responsibility and staff learning.

78. Building on earlier results, UNDP has actively developed its partnership with regional development banks. Negotiations were successfully concluded with the Inter-American Development Bank (IADB) for a model agreement. This agreement will significantly facilitate cooperation at the country level for the support that UNDP provides to governments in building national capacity to implement IADB-financed loans. A new partnership with the African Development Bank (ADB) continues to develop with closer dialogue and regular consultations taking place between the two institutions, the ADB having visited UNDP in spring 2002. At the local level, partnerships are developing in an increasing number of countries, including Djibouti, Ghana and Malawi. The work of a partnership adviser working in ADB headquarters has proved valuable in exploiting the strong existing partnership potential. A similar initiative is being developed with the Asian Development Bank following discussions held in Manila in December 2002.

The private sector

79. In 2002, UNDP continued to make significant advances in promoting the engagement of the private sector in the work of the organization. More than 15 concrete partnerships with the business community were developed and negotiated. In China, for example, the country office facilitated a social impact assessment for a consortium of oil companies, including the national Chinese oil company, planning to build a large pipeline from the Western border of the country to the Eastern coastline. In Lebanon, UNDP is working closely with UNV and several private sector partners on an environmental awareness-raising project entitled "Go Green". In Sri Lanka, a joint effort between UNDP and the leading business organization was introduced in 2002 to promote "Investing in Peace". A high-level meeting was held in New York in September 2002, organized by UNDP, to engage the international business community in considering Sri Lanka as a place to do business.

80. Essential to the success of partnering with companies is UNDP staff's ability to work with the business sector. To build the capacity of country office staff, two regional workshops in Benin and the Philippines were held. Input from private-sector staff taking part in the training was integral to broadening participants' understanding of the role of business in development, as well as how UNDP and the corporate sector can work together.

81. UNDP continued to work closely with the Secretary General's Global Compact Office to promote the nine principles and challenge the business community to become further involved in the development of the countries where they operate. Global Compact partnership dialogue forums were launched in some 15 countries in 2002. In many country offices where the Global Compact had been introduced previously, UNDP is moving from dialogue to concrete partnership activities. For example, in India, where the India Partnership Forum was launched in February 2001, the country office has made progress in promoting corporate social responsibility via the platform of the Global Compact. A project on HIV/AIDS education targeting youth and women using information technology is being conducted collaboratively with India's leading software/ICT education company. In addition, a study on the state of corporate social responsibility in the Indian business community was conducted jointly with the Confederation of Indian Industry, the British Council and a large consulting firm. The findings will be used to identify common areas of interest for public/private partnerships.

82. UNDP was also active in promoting the role of the business community in development at the WSSD. One outcome of a discussion of heads of government at the WSSD was the creation of a pilot project entitled "Growing Sustainable Business in Least Developed Countries", designed to encourage the business community to

invest in some of the least-developed countries (LDCs) and create links with local small and medium-sized enterprises.

83. The Public-Private Partnerships for the Urban Environment (PPPUE) facility complements and reinforces efforts by governments in developing countries in the areas of decentralization and local governance to increase the access of the urban poor to basic services through partnerships between government, business and CSOs. In 2002, the PPPUE facility provided support to 15 developing countries, including Namibia, with the development of pro-poor policy guidelines to enable local governments to embark on partnerships with private sector, training on pro-poor options and implementation of pro-poor projects. In Argentina, the PPPUE facility helped to build the capacities of community-based organizations, municipalities, the Water Regulatory Board and a private water company to implement a model of partnership-based management for the delivery of water and sanitation services to the poor. The PPPUE facility also established a community of practice on pro-poor partnerships and a public-private partnerships network within UNDP to share lessons and experiences and to help strengthen internal capacity.

Civil society

84. Two areas in which UNDP deepened and expanded partnerships with key CSOs in both the North and the South were the MDG campaign and crisis and post-conflict initiatives.

85. *MDG campaign.* UNDP supported the participation of civil society representatives in MDG dialogues in a range of forums – for example, the Porto Alegre World Social Forum, the Berlin International Policy Dialogue and the WSSD – in an effort to mobilize civil society networks at multiple levels to advance the MDGs. UNDP facilitated the active representation of CSOs in regional MDG workshops in Ethiopia and the Lao People's Democratic Republic to enable country offices to engage more creatively with civil society.

86. At these forums, CSOs raised substantive issues related to the MDG campaign, such as the links between the PRSP process and the MDGs, indigenous peoples' perspectives, the equity implications of MDG goal 8 on developing a global partnership for development, and cross-cutting gender dimensions. CSOs urged greater UNDP support for capacity development and their own greater involvement in national MDG reports.

87. Support from UNDP enabled the Social Watch Network to publish MDG progress tables in the 2002 *Social Watch Report*. UNDP also commissioned two papers on civic perspectives on the MDGs from the Third World Network and Social Watch as part of an ongoing effort to advance civil society advocacy for the goals.

88. *Crisis and post-conflict initiatives.* Two regional workshops, in Nairobi and Jakarta, marked the launch of a major initiative with BCPR to strengthen collaboration with CSOs in conflict environments. They created opportunities for CSOs and country offices to exchange post-conflict strategies such as right-based approaches in Nepal, micro-finance projects in Indonesia and women's role in peace-building in the Mano River countries.

89. *Indigenous peoples.* UNDP played a key role in preparations for the United Nations First Permanent Forum on Indigenous Issues by providing support to the inter-agency process and facilitating the participation of indigenous peoples' organizations in key forums. The HURIST programme introduced a component focusing attention on indigenous peoples' rights and innovative capacity development. In Ecuador, UNDP coordinated a commission of observers to facilitate negotiations between the Government and six indigenous peoples' organizations to defuse the threat of a national strike.

90. *Community initiatives at WSSD.* UNDP support to community-based organizations – through the Global Environment Facility Small Grants Programme, the Equator Initiative, the Local Initiative Facility for Urban Environment, and the Africa 2000 Network, for example – ensured that the vital role of communities in sustainable development emerged as a central message from the summit. The first Equator Initiative awards for community-led partnerships went to CSOs using biological resources in a sustainable way to improve livelihoods.

91. UNDP has simplified the procedures for civic engagement, developed a CSO database (soon to be available on the intranet) for more systematic outreach, and published the *Sourcebook on Building Partnerships with Civil Society Organizations*, a guide to help UNDP country offices to build substantive partnerships with CSOs.

Foundations

92. In 2002, UNDP partnerships with foundations widened to include a number of new partners, while deepening ties with existing partners.

93. Collaboration with the American Bar Association (ABA) in setting up the International Legal Resource Centre (through the ABA Foundation Fund for Justice and Education) figures as a prime example of deepening existing partnerships. The centre has provided legal and expertise assistance to over 55 countries (a 60 per cent increase since its inception in 2001), ranging from assessing the Draft Bankruptcy Law of Viet Nam to providing technical assistance to the Government of Yemen in developing a comprehensive policy framework to promote human rights and access to justice. UNDP has worked closely with the United Nations Foundation and other partners in extending the Equator Initiative programme, promoting bio-diversity at the community level, to other countries and regions, as well as a project focused on integrating citizen security policy into the national policy of Guatemala. Other examples of deepening partnerships include collaborating with the Open Society Institute on capacity-building in the former Yugoslav Republic of Macedonia and Serbia and Montenegro, the Ford Foundation on HIV/AIDS prevention in Asia and the Pacific, institutional capacity-building in Africa, and the Coca-Cola Foundation in Bolivia.

94. In terms of widening partnerships, UNDP has collaborated with a number of new foundations focused on raising awareness and implementation of the MDGs, such as the Bill and Melinda Gates Foundation and the Bank of Sweden Tercentenary Foundation.

VIII. Management

95. The year 2002 saw a number of significant management initiatives.

Decentralization

96. With 929 staff members based at headquarters (as opposed to 1 160 at the beginning of 2000), UNDP has progressively transformed itself into a field-oriented, decentralized, networked and service-focused organization. The change in the staffing profile of the Bureau for Development Policy (BDP) has been particularly significant. Of the original 100 headquarters policy specialist positions, fifty were relocated from headquarters to nine SURFs – Addis Ababa, Bangkok, Beirut, Bratislava, Dakar, Pretoria, Kathmandu, Panama City and Port-of-Spain – where they provide demand-driven support to all country offices. Of the original BDP specialists, 20 remain, 20 new ones were recruited internally, and 60 were newly recruited in a widely publicized campaign.

People

97. Profound changes have occurred in the area of human resources to align the profiles and competencies of staff with organizational needs. Over the past few years, the attrition rate of the international professional workforce has been estimated at 33 per cent and its average age has declined. For the same period, about 45 per cent of all D1s and 51 per cent of all D2s are newly appointed. In 2002, the staff ceiling at headquarters was maintained, and openings – resulting from a 22 per cent reduction in core country office staff following the re-profiling exercise – were used to bring in a new generation of policy specialists and national staff.

98. Annual work force planning analysis has been introduced into human resource decision-making. As part of this analysis, the Senior Management Team reviewed the demographics of the organization as well as actions needed to strengthen the regional and gender balance, especially with regard to the resident coordinator/resident representative function and senior headquarters positions. In the context of the overall workforce planning, a total of 39 candidates were selected over the past two years to engage in the Leadership Development Programme (LEAD) and receive training to become future leaders of UNDP. LEAD was launched in 2001 to attract young talent to the organization. Recruitment for the 2003 exercise is underway with some 4 000 applications.

Learning

99. The Virtual Development Academy (VDA), which was established in May 2001, is a key element of the Business Plans 2000-2003 to facilitate the change process. The VDA distance-learning programme, which offers one-year on-line courses to selected staff members, is an important building block for strengthening the profile of UNDP staff and contributing to the development of UNDP as a learning organization. In 2002, 87 staff members graduated from the first class of the Virtual Development Academy, and the impact of the programme on their work has proved very positive. In 2002, resident coordinators were able to measure the contributions made by candidates who had participated in the VDA and found that teamwork had improved overall as a result. In light of this success, other United Nations organizations have expressed interest in adopting the VDA for their own staff. A second generation of the VDA is being rolled out with a record 130 staff enrolled.

100. Leadership and managerial competencies are of critical importance for the organizational culture. In order to strengthen performance and accountability, the 360-degree feedback programme was designed to give staff a formal mechanism to channel upward feedback to their supervisors. The system was used in an innovative way in 2002, as new resident representatives used the feedback during the first-time resident representatives workshop to identify the gaps between their country office's performance and their own so as to allow for appropriate adjustments. A Management Development Centre is now being designed with the help of consultants, and a Learning Advisory Board is now in place to govern learning in the organization. It is designed to support middle-level managers in their own development. UNDP is also in the process of updating its career management policy on gender and national staff.

101. In July 2002, UNDP launched and is now fully financing the "We Care" initiative, which supports countries in achieving the full implementation of the United Nations personnel policy on HIV/AIDS and the International Labour Organization Code of Practice on HIV/AIDS and the World of Work.

Information and communications technology

102. UNDP acquired the ERP PeopleSoft software in June 2002 to enhance its ability to manage and coordinate financial, project and human resources information at every level throughout the organization. PeopleSoft is fully compatible with the practice and results-driven organization that UNDP has become. It can also help to improve the management of UNDP resources – as data will be available on a more timely basis – and provide UNDP with an accurate picture in real time of current staff, the budget situation, and the breakdown of spending by projects. The ERP initiative is on schedule (and within budget) for launching in January 2004. To support future PeopleSoft training, International Computer Driving License (ICDL) training has been rolled out to all staff. A PeopleSoft prototype was completed satisfactorily, and the assessment of lessons learned has been conducted and incorporated into the current project charter. It is the aim of UNDP to become an example of international best practices through this project. The first wave of implementation focuses primarily on the front line of operations in country offices and on similar functions at headquarters. Work has also begun on making basic UNDP information and knowledge resources easily accessible through the introduction of a portal to replace the current intranet.

IX. Resources

Overall income

Table 2. Income received by UNDP and administered funds *(millions of United States dollars)*

Income categories	2001	2002*
Regular (net)	651.75	660.38
Third-party co-financing	683.70	934.74
Programme-country cost-sharing	1 068.14	1 018.89
Management service agreements	88.81	145.29
Regular and other funding: UNDP-administered funds and programmes	66.12	66.05
Extrabudgetary and miscellaneous income	21.01	N/A
Total	**2 579.53**	**2 825.35**

* Provisional data

Regular resources

103. UNDP regular (core) resources grew for the second consecutive year in 2002, following the important turnaround in 2001 when they increased after seven years of decline. They reached just over $660 million in 2002, which represents an increase of about 1.23 per cent over 2001. This upward trend, while encouraging, falls short of returning the core resource base of UNDP to a sound footing. The Administrator therefore remains strongly committed to working with States members of UNDP on this issue, recognizing that core resources are the bedrock of the organization, ensuring its multilateral, universal and neutral nature.

104. Overall, 33 countries increased or resumed their contributions in 2002. These included nine OECD/DAC donors that increased their contributions – by 10 per cent or more in the case of three of them; ten programme countries, which also increased their contributions to regular resources; and seven programme countries, which commenced or resumed contributions.

105. Programme country governments played a critical role in mobilizing resources in several important ways. Besides considerable cost-sharing with UNDP in their respective countries, they provided: (a) contributions to UNDP regular resources – four made pledges to the regular resources of $1 million or more in 2002; (b) contributions towards local office costs; and (c) in-kind contributions such as rent-free office premises.

106. In 2002, most donors made payments according to the schedules communicated to the organization. A few major ones even made early payments, which improved the liquidity situation of UNDP.

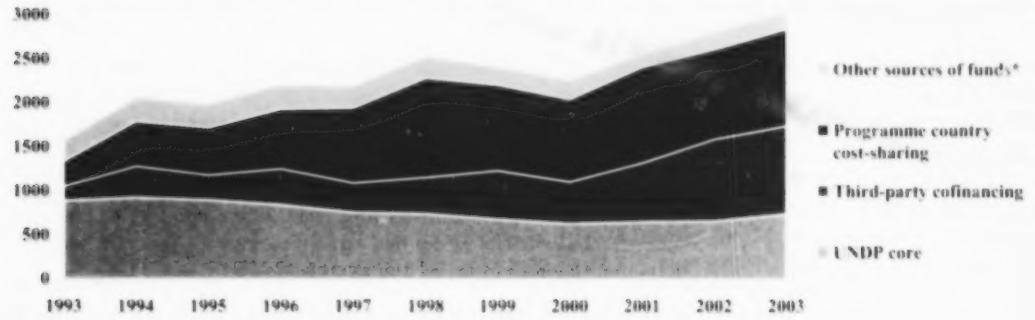
Other resources

107. The year 2002 saw a significant increase in other (non-core) contributions to UNDP. Virtually all OECD/DAC donors are active in co-financing UNDP programmes in the thematic areas. Third-party co-financing amounted to some $935 million in 2002, resulting in a total of $1.5 billion in income from donors. Of this total, $64 million was channelled through the thematic trust funds. The trust fund facility allowed programmable funds, not readily available from regular resources or multi-bilateral funding at the country level, to be allocated to a consistent set of development interventions across countries and regions. Resources were allocated based on needs, with particular focus on the least developed countries (LDCs) and Africa. A total of 334 interventions in 135 countries were supported through the thematic trust funds in 2002, with the bulk of resources directed to

LDCs and Africa. Programme country cost-sharing, channelled through UNDP by programme country governments in support of their own development programmes, totalled a little over $1 billion. The majority of country offices channelled such resources, including an increased number of offices in Africa and the LDCs. As aid mechanisms available at the country level diversify and multiply, UNDP is being called on more and more to support governments to obtain, direct and manage different types of funding in accordance with national priorities.

108. Non-core resources represented an important complement to the regular resource base of UNDP, permitting the strengthening of existing programmes and fostering partnerships with a range of actors, including the European Commission, regional development banks, the World Bank and the private sector. Regular and non-core resources, however, are not interchangeable and the ability of UNDP to mobilize non-core resources depends on its having an adequate, secure multilateral base from which to provide its proven development expertise.

Figure 10. Actual and projected resources, 1993-2003



*Includes income from administered funds, extrabudgetary, miscellaneous and management service agreements.

Table 3. Gross income received in 2002 (preliminary)

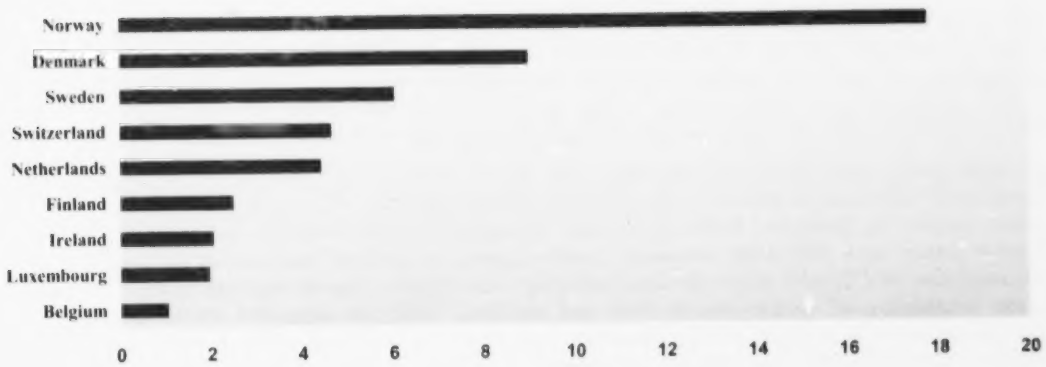
(millions of United States dollars)

Ranked by top 24 contributors to core resources

Donors	Core resources	Co-financing
United States	97.13	43.89
Japan	86.77	25.19
Norway	79.27	58.85
Netherlands	70.13	60.22
United Kingdom	56.30	65.69
Sweden	53.69	26.82
Denmark	47.89	14.08
Switzerland	33.33	10.56
Canada	27.67	16.79
Germany	23.73	30.42
Italy	16.88	31.99
France	14.90	4.10
Finland	12.92	7.18
Belgium	10.69	6.25
Ireland	7.68	5.78
Spain	5.96	3.19
India	4.55	–
Austria	4.13	1.22
Australia	3.67	11.24
Portugal	3.18	0.76
China	3.10	28.08
New Zealand	2.60	1.30
Saudi Arabia	2.00	6.34
Mexico	1.00	7.21

Notes: (a) Contributions for Portugal include amounts from previous year.
(b) In addition to its core contributions, the European Commission is a major source of non-core funding for UNDP.

Figure 11. Countries contributing above $1 per capita to UNDP regular resources, 2002



X. Associated funds and programmes

United Nations Capital Development Fund

109. In 2002, the operational activities of the United Nations Capital Development Fund (UNCDF) were severely affected by the continued low level of contributions to its core resources. With annual contributions in the order of $22 million, far short of the core resource mobilization target of $30 million endorsed by the Executive Board in decision 2002/26, UNCDF had to reduce its 2002 expenditures from a planned level of $36 million to $25 million. The consequence on the ground has been wrenching for the programme countries affected. With respect to its internal management, UNCDF has almost completed the follow-up to the recommendations of the 1999 external evaluation. Reflecting a strengthened partnership with UNDP, the two organizations signed in the last two years two memoranda of understanding on their substantive and operational cooperation in the two focus areas of UNCDF: micro-finance, and local governance and decentralized public investment. In response to Board decision 1999/22, UNCDF developed a conceptual framework and initiated steps to report to the Board in 2004 on the impact of its activities. Donor countries were invited to help to finance this important, independent, results-based impact assessment of UNCDF, but as yet no donor funding has been forthcoming.

110. Core contributions to UNCDF for 2002 reached $22.2 million as compared to $24.3 million in 2001. The main factor explaining this situation is that one of the most generous contributors to UNCDF decided to reduce its contribution significantly in 2002, for burden-sharing reasons. At its second regular session in September 2002, the Executive Board, in its decision 2002/26, recognized the excellent results produced on the ground by UNCDF. It recognized that the mission of UNCDF is consistent with the main objective – poverty reduction – of the Millennium Declaration and relevant to the implementation of the Brussels Plan of Action for the LDCs adopted in 2001. It reaffirmed the unique role played by UNCDF, within the international development financing architecture, as a small-scale multilateral investment organization in support of the LDCs. It also noted that the current level of UNCDF resources falls far below the demand of programme countries in terms of its investment and capacity-building services. As a result, the Executive Board invited the international community to help to achieve the core resources mobilization target for UNCDF of $30 million per year. In light of decision 2002/26, it is time for the international community to decide how it intends to ensure that UNCDF can operate in the future on a solid core-resource base.

United Nations Development Fund for Women

111. The year 2002 saw important results in each of the thematic areas of the United Nations Development Fund for Women (UNIFEM), as well as strengthened partnerships with UNDP and other agency partners. Work on women's economic security increased the capacity to generate and use gender-sensitive data for policy-making in 18 countries and three regional initiatives, and in gender budget analyses undertaken in 20 countries. Support to women's leadership resulted in women's participation in peace-building, the mainstreaming of gender in constitutional, and legislative processes in post-crisis countries such as Afghanistan and East Timor. Advocacy through the Independent Experts' Assessment on Women, War and Peace contributed to efforts within the European Union to harmonize their peace and security frameworks with those of the United Nations.

112. Inter-agency partnerships were developed with UNDP, UNFPA, UNAIDS, ILO, UNICEF, UNHCR and the International Fund for Agricultural Development on targeted initiatives to mainstream gender in national budgets, expand options for internally displaced women, strengthen national plans to end violence against women, integrate gender into HIV/AIDS strategies, build capacity of national machineries for women, and ensure implementation of CEDAW. Work was also undertaken with United Nations regional economic commissions to expand availability of gender-specific data and statistics. UNIFEM supported CCA/UNDAF exercises in 17 countries, poverty reduction strategy initiatives in several African countries, MDG tracking in Kazakhstan and Cambodia (with UNDP), system-wide humanitarian assistance planning in Somalia and Colombia, and chaired/co-chaired gender theme groups in 15 countries.

United Nations Volunteers

113. The United Nations Volunteers (UNV) continued to demonstrate the pivotal role of volunteerism and volunteer action in the promotion of economic and social development. This was recognized both by Member States at the annual session of the Executive Board in 2002 and by the Secretary-General in his report to the fifty-seventh session of the General Assembly entitled International Year of Volunteers: outcomes and future perspectives (A/57/352). The co-sponsorship – by 142 countries – of General Assembly resolution 57/106 on volunteerism was another indicator of the importance that countries attach to volunteer action in attaining agreed international development goals.

114. Both in terms of the number of volunteer assignments and individuals involved, UNV continued to grow in 2002. Representing 160 nationalities, UNV volunteers supported the activities of over 20 United Nations organizations, funds and programmes in over 140 countries. While development cooperation activities remained the primary area of programme implementation, momentum towards increased involvement in electoral processes, peace-building and humanitarian relief, which began several years ago, was maintained. In East Timor, for example, between 1999 and the end of 2002, over 3 000 UNV volunteers had supported activities relating to elections, reconstruction and development. The financial equivalent of all activities in the broader United Nations system context surpassed $100 million for the third consecutive year.

Special Unit for Technical Cooperation among Developing Countries

115. The Special Unit for Technical Cooperation among Developing Countries (TCDC) initiated a number of South-South programmes in 2002 that reflected its new vision and strategic reorientation. The Unit's new umbrella programme on the preservation of coastal and marine biodiversity brought together four Asian and 10 African countries to protect endangered coastal and marine resources in the Gulf of Guinea using Asian experience and know-how. Government officials from Nigeria and Cameroon called for its expansion to foster confidence-building among Nigerian and Cameroonian fishermen living in the previously contested Bakasi area to enable them to exploit local marine resources peacefully under TCDC collaborative arrangements.

116. The Special Unit embarked on the training of trainers in science and technology education. Successful policies and experiences in teaching science and technology subjects are being widely shared among developing countries. A programme in Malaysia forged public-private partnerships to build ecologically sound societies by sharing experiences from five African and six Asian cities in areas such as waste management. A similar initiative supported the sharing of best practices in small and medium-sized enterprises between Asia and Africa, while a third aimed to strengthen national capacity for local governance in selected African and Asian countries. In response to growing demand for New Rice for Africa (NERICA) rice varieties, the Unit supported the creation of the NERICA Consortium for Food Security in Sub-Saharan Africa to increase NERICA dissemination in Africa. Work began on developing additional varieties, and on increasing local African rice production to over 744 000 tons – which could save up to $88 million in rice imports per year and preserve millions of tons of topsoil.

117. The Special Unit revolutionized the forging of business links between African and Asian entrepreneurs through the use of an electronic platform, which empowered companies participating in its Asia-Africa Business Forum to identify potential partners in either region over the Internet. A new strategy has been developed that enables institutions in the South to build rosters of Southern experts, offering them international visibility through the Unit's Internet-based Web of Information for Development (WIDE). The Unit continued to voice Southern perspectives on critical South-South issues in its quarterly journal *Cooperation South*.